



NEVADA BUSINESS CONDITIONS

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U.S. real gross domestic product (GDP) for the third quarter of 2016 grew at a 3.2 percent annualized rate instead of the 2.9 percent from the advanced estimate. The upward revision reflected higher consumer spending and net exports than previously reported, which were partly offset by smaller-than-expected fixed investment and state and local government spending. The unusual and surprising upswing of real GDP in the third quarter reflects a surge in agricultural (soybean) exports and a rebound in business inventories. U.S. nonfarm employment gained 178,000 jobs in November. The unemployment rate fell to its lowest reading (4.6 percent) since the Great Recession. The labor participation rate and average hourly earnings, however, experienced losses compared to last month. Retail sales rose distinctly by 4.3 percent from a year ago, while auto and truck sales fell by 0.8 percent from October 2015. October housing starts rebounded significantly, up by 23.3 percent year-over-year, and the recent U.S. housing price finally exceeded its prior peak in July 2006. All these positive economic indicators make almost certain a federal funds rate hike at the Fed's December meeting. The strong dollar will receive added strengthening with the expected higher interest rates.

The Nevada economy continued its economic expansion and recovery. Seasonally adjusted statewide employment added 1,000 jobs in October, and the unemployment rate decreased to 5.5 percent in October. A decline in the unemployment rate, however, occurred with the first year-over-year deduction in the labor force since March 2010. Gaming revenue in October jumped strongly by 11.1 percent year-over-year, which was largely reflected by a higher win percentage compared to last year. Taxable sales in September continued its strong growth, up by 7.0 percent from a year ago, while gasoline sales (in gallons) rose by 3.9 percent over the same period. Total air passengers also exceeded their levels from last year by 4.0 percent.

The most recent data on the Clark County economy exhibited positive signals for the economy. Surprisingly, however, seasonally adjusted employment lost 2,600 jobs from September to October, but remained up by 1.8 percent from October 2015. The unemployment rate remained unchanged at 5.5 percent from September to October due to a dip in the

labor force. Visitor volume in October fell slightly by 0.2 percent from a year ago, while total McCarran passengers increased notably by 13.2 percent during the same period. Gaming revenue experienced a large year-over-year gain, up by 13.4 percent. Taxable sales and gasoline sales also climbed by 4.7 and 4.0 percent, respectively, relative to last year. Residential housing permits declined substantially by 22.0 percent from a year ago, after a big rebound from last month. Commercial permits continued its year-over-year loss, decreasing by 33.3 percent.

Washoe County saw favorable signals on local economic growth. The Reno-Sparks seasonally adjusted employment lost 400 jobs for the month, but was up by 3.4 percent for the year. The unemployment rate stayed the same from last month at 4.8 percent. Taxable sales showed a double-digit year-over-year growth, up by 11.4 percent, while gaming revenue rose by 2.4 percent from a year ago. Gasoline sales also remained above its respective level from last year. Even though the total air passengers experienced a 2.9 percent year-over-year growth, visitor volume fell by 3.7 percent. Residential housing permits continued its significant gain, rising by 77.5 percent compared to a year ago.

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The views expressed are those of the authors and do not necessarily represent those of the University of Nevada, Las Vegas or the Nevada System of Higher Education.

	Date	Units	Data			Growth		Comments
			Latest	Previous	Year Ago	Recent	Year Ago	
Nevada								
Employment	2016M10	000s, SA	1299.8	1298.8	1271.0	0.1%	2.3%	Up Over Year Ago
Unemployment Rate*	2016M10	%, SA	5.5	5.8	6.5	-0.3%	-1.0%	Reduced
Taxable Sales	2016M09	\$billion	4.759	4.619	4.450	3.0%	7.0%	Up Strongly From Year Ago
Gaming Revenue	2016M10	\$million	986.20	948.99	887.51	3.9%	11.1%	Up Strongly From Year Ago
Air Passengers	2016M10	million persons	4.618	4.413	4.441	4.6%	4.0%	Up Over Year Ago
Gasoline Sales	2016M09	million gallons	100.40	105.77	96.63	-5.1%	3.9%	Up Over Year Ago
Clark County								
Employment	2016M10	000s, SA	941.7	944.3	925.3	-0.3%	1.8%	Up Over Year Ago
Unemployment Rate*	2016M10	%, Smoothed SA	5.5	5.5	6.5	0.0%	-1.0%	Flat Month-Over-Month
Taxable Sales	2016M09	\$billion	3.463	3.264	3.308	6.1%	4.7%	Up Over Year Ago
Gaming Revenue	2016M10	\$million	856.94	808.83	755.89	5.9%	13.4%	Up Strongly From Year Ago
Residential Permits	2016M10	units permitted	739	729	948	1.4%	-22.0%	Down Significantly From Year Ago
Commercial Permits	2016M10	permits	22	18	33	22.2%	-33.3%	Low and Volatile
Air Passengers	2016M10	million persons	4.278	4.053	3.779	5.5%	13.2%	Up Strongly From Year Ago
Gasoline Sales	2016M09	million gallons	68.11	71.42	65.46	-4.6%	4.0%	Up Over Year Ago
Visitor Volume	2016M10	million persons	4.054	3.915	4.062	3.6%	-0.2%	Down Slightly From Year Ago
Washoe County								
Employment**	2016M10	000s, SA	220.9	221.3	213.6	-0.2%	3.4%	Up Over Year Ago
Unemployment Rate*	2016M10	%, Smoothed SA	4.8	4.8	5.9	0.0%	-1.1%	Reduced
Taxable Sales	2016M09	\$billion	0.706	0.657	0.633	7.4%	11.4%	Up Strongly
Gaming Revenue	2016M10	\$million	69.57	74.02	67.96	-6.0%	2.4%	Up Over Year Ago
Residential Permits	2016M09	units permitted	284	364	160	-22.0%	77.5%	Up Strongly From Year Ago
Commercial Permits	2016M09	permits	25	41	12	-39.0%	108.3%	Low and Volatile
Air Passengers	2016M09	million persons	0.304	0.326	0.296	-6.5%	2.9%	Up Over Year Ago
Gasoline Sales	2016M09	million gallons	15.07	16.04	14.65	-6.1%	2.9%	Up Over Year Ago
Visitor Volume	2016M10	million persons	0.404	0.474	0.420	-14.7%	-3.7%	Down From Year Ago
United States								
Employment	2016M11	million, SA	145.128	144.950	142.875	0.1%	1.6%	Increased
Unemployment Rate*	2016M11	%, SA	4.6	4.9	5.0	-0.3%	-0.4%	Reduced
Consumer Price Index	2016M10	82-84=100, SA	241.9	241.0	237.9	0.4%	1.6%	Up Over Year Ago
Core CPI	2016M10	82-84=100, SA	249.0	248.6	243.7	0.1%	2.2%	Up Over Year Ago
Employment Cost Index	2016Q3	05.12=100, SA	126.6	126.0	123.6	0.5%	2.4%	Up Over Year Ago
Productivity Index	2016Q3	2009=100, SA	106.7	105.9	106.8	0.8%	-0.1%	Down From Year Ago
Retail Sales	2016M10	\$billion, SA	465.9	462.1	446.7	0.8%	4.3%	Up Over Year Ago
Auto and Truck Sales	2016M10	million, SA	17.91	17.66	18.05	1.4%	-0.8%	Down From Year Ago
Housing Starts	2016M10	million, SA	1.323	1.054	1.073	25.5%	23.3%	Significant Increase
Real GDP***	2016Q3	2009\$billion, SA	16712.5	16583.1	16454.9	3.2%	1.6%	Weak Year-Over-Year Growth
Dollar Exchange Rate	2016M11	97.01=100	125.501	122.909	120.956	2.1%	3.8%	Up Over Year Ago
Trade Balance	2016M09	\$billion, SA	-36.440	-40.462	-41.072	-9.9%	-11.3%	Year-Over-Year Deficit Decrease
S and P 500	2016M11	monthly close	2198.81	2126.15	2080.41	3.4%	5.7%	Up Over Year Ago
Real Short-term Rate*	2016M11	%, NSA	-1.95	-2.07	-2.58	0.1%	0.6%	Increased
Treasury Yield Spread*	2016M11	%, NSA	1.69	1.43	2.14	0.3%	-0.5%	Recent Increase

Note: NSA = Not Seasonally Adjusted, SA = Seasonally Adjusted

*Growth data represent change in the percentage rate

**Reflects the Reno-Sparks MSA which includes Washoe and Storey Counties

***Recent growth is an annualized rate

Sources: Nevada Department of Taxation; Nevada Department of Employment, Training, and Rehabilitation; UNR Bureau of Business and Economic Research; UNLV Center for Business and Economic Research; McCarran International Airport; Reno/Tahoe International Airport; Las Vegas Convention and Visitors Authority; Reno-Sparks Convention and Visitors Authority; U.S. Department of Commerce; U.S. Bureau of Labor Statistics; U.S. Census Bureau; U.S. Federal Reserve System.